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8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**

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14 **ORDER TO PAY A CIVIL PENALTY**  
15 **NO. 1639**  
16

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18 **Operator: Caballero Operations, LLC (11332)**  
19 **Field Name: Mountain View**  
20 **County: Kern**  
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1 **I. Introduction**

2 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy  
3 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources  
4 Code (**PRC**; commencing with PRC section 3000) and title 14 of the California Code of  
5 Regulations (**Regulations**), may impose a civil penalty on a person who violates any statutory  
6 provision of the PRC, or any regulation that implements those statutory provisions. (PRC, §  
7 3236.5.)

8 Based on CalGEM's records, Caballero Operations, LLC (**Operator**) is the "operator" (as  
9 defined in PRC, § 3009) and is responsible for three Wells and associated Production Facilities  
10 in the Mountain View Oil Field, identified on **Attachment A**, incorporated herein (the **Wells** and  
11 **Facilities**). As described in more detail below, Operator has not maintained compliance with  
12 applicable requirements for operation of the Wells and the Facilities. Operator's failure to  
13 comply with Regulations poses a potential threat to life, health, property, and natural  
14 resources and for which the Supervisor has determined imposition of civil penalties is  
15 appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3225, 3236.5, and 3270 and  
16 Regulations sections 1773.1, 1773.3, 1773.5, and 1777, the Supervisor is ordering Operator to  
17 pay administrative civil penalties for the violations.

18 **Attachment B**, incorporated herein, contains a list of definitions and authorities that are  
19 applicable to this Order.

20 **II. Alleged Acts and Omissions**

21 Based on CalGEM's records, at all times relevant to this Order, Operator was the  
22 operator, as defined in PRC section 3009, of the Wells and Facilities. In April, May, and June,  
23 2025, CalGEM conducted inspections of the Wells and Facilities, and observed and  
24 documented the violations described below. (**Attachments C, D, E, F, and G** incorporated  
25 herein.) CalGEM's records reflect Operator has not maintained compliance with applicable  
26 requirements for operation of the Wells and the Facilities. Operator's lack of adherence to  
27 Regulations poses a potential threat to life, health, property, and natural resources.

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**A. Failure to Repair Secondary Containment (Regulations, § 1773.1, subd. (e).)**

In the event of a spill, secondary containment protects the area surrounding a facility from contamination. Operators are required to repair all damage to secondary containment immediately. (Regulations, § 1773.1, subd. (e).)

During an inspection, CalGEM observed damage to the secondary containment, in violation of Regulations section 1773.1, subdivision (e), at the following production facility:

Facility Setting ID	Setting Name	District	Facility Type
90294221	Vineyard	Central	Setting

The violation was remediated by Operator on or around September 11, 2025.

**B. Failure to Properly Identify Tank (Regulations, § 1773.3, subd. (a).)**

Operators are required to properly identify tanks with the operator's tank identification number, tank type (production, stock, water, etc.), and with appropriate material hazard placards or labels. (Regulations, § 1773.3, subd. (a).)

During an inspection, CalGEM observed the Operator's tank identification number, tank type label, and hazard label to be missing or inadequate, in violation of Regulations, section 1773.3, subdivision (a), at the following production facility:

Facility Setting ID	Setting Name	District	Component ID	Component Name	Facility Type
90293071	Laymac-Morris 2	Central	848	2	Tank

The hazard label violation was remediated by Operator on or around May 30, 2025, and the tank identification number and tank type violations were remediated by Operator on or around August 18, 2025.

**C. Out-of-Service Production Facility Requirements (Regulations, § 1773.5, subd. (a)(3))**

Within six months after the determination that a production facility is Out-of-Service, an operator is required remove clean-out doors or hatches and secure a heavy gauge steel

1 mesh grating (less than 1" spacing) over the opening to allow for visual inspection and prevent  
 2 unauthorized access. (Regulations, § 1773.5, subd. (a)(3).)

3 During an inspection, CalGEM observed one of the Facilities labeled as an "out-of-  
 4 service" tank. (**Attachment E**, incorporated herein). CalGEM observed the clean-out door or  
 5 hatch had not been removed, nor had the opening been secured with a heavy gauged steel  
 6 mesh grating, in violation of Regulations, section 1773.5, subd. (a)(3), at the following  
 7 production facility:

Facility Setting ID	Setting Name	District	Component ID	Component Name	Facility Type
90329722	Bankline	Central	15451	3	Tank

8 The violation was remediated by Operator on or around May 28, 2025.

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 11 **D. Failure to Keep Well Cellar Drained. (Regulations, § 1777, subd. (c)(3).)**

12 The well cellar is an excavated area around the wellhead that provides space for  
 13 equipment at the top of the wellbore. Operators are required to keep well cellars covered  
 14 and drained. (Regulations, § 1777, subd. (c)(3).)

15 During its inspections, CalGEM observed fluids in the well cellar, in violation of  
 16 Regulations, section 1777, subd. (c)(3), at the following Wells:

API	Well Designation
402942521	Morris 1
402914173	Vineyard 2
402900929	Bloemer 1

17 The three violations were remediated by Operator on or around August 14, 2025.

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 22 **III. Civil Penalty**

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 24 **A. Civil Penalty**

25 Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section  
 26 3236.5, by this Order the Supervisor imposes on Operator administrative civil penalties totaling  
 27 four thousand five hundred fifty dollars (\$4,550.00) for the eight violations.  
 28

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Repair Secondary Containment (Regulations, § 1773.1, subd. (e).)  FACILITY ID 90294221	1	\$1,250.00	\$1,250.00
Failure to Label Tank with Appropriate Name/Number (Regulations, § 1773.3, subd. (a).)  FACILITY ID 90293071	3	\$150.00	\$450.00
Failure to Remove Door/Hatch (Regulations, § 1773.5, subd. (a)(3).)  FACILITY ID 90329722	1	\$500.00	\$500.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).)  API 402900929	1	\$850.00	\$850.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).)  API 402914173 / API 402942521	2	\$750.00	\$1,500.00
		<b>Total Civil Penalty:</b>	\$4,550.00

For purposes of this Order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalty, including: characterizing the violations as "minor" (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC section 3236.5, subdivision (a), and the location of the Wells and Facilities inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b).

**IV. Operator's Required Actions**

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, and 3236.5, and Regulations sections 1773.1, 1773.3, 1773.5 and 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator pay an administrative civil penalty of four thousand five hundred fifty dollars (\$4,550.00).

To remit payment of the civil penalty online, please visit <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department of Conservation Geologic Energy Management Division," then follow the instructions on the

1 screen. When filling out the "order number" field, please type the order number followed by  
2 the letter "O."

3 To remit payment of the civil penalty by mail, please send a check payable to  
4 "Department of Conservation" to the following address:

5 Department of Conservation  
6 CalGEM, Attn: Operational Management Unit  
7 715 P Street, MS 1803  
8 Sacramento, California 95814

9 Please include the Operator name, Order number, and phrase "Oil and Gas  
10 Environmental Remediation Account" on the check itself.

11 **V. Operator's Appeal Rights**

12 Operator may appeal this Order by filing a timely written notice of appeal with the  
13 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing  
14 with PRC section 3350. (PRC, § 3225, subd. (d).) If this Order is mailed to you, the Director must  
15 receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file  
16 an appeal, a written notice of appeal may be sent via U.S. mail to:

17 Department of Conservation  
18 Director's Office of Appeals  
19 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
20 Sacramento, California 95814

21 Or via electronic mail to:

22 [OfficeofAppeals@conservation.ca.gov](mailto:OfficeofAppeals@conservation.ca.gov)

23 If Operator files a timely written notice of appeal, Operator will be informed of the  
24 appeal hearing date, time, and place. Following the hearing, Operator will receive a written  
25 decision that affirms, sets aside, or modifies the appealed order.

26 If Operator does not file a timely written notice of appeal, or if the Order is affirmed  
27 following an appeal, this Order will become a final order. Any costs incurred by CalGEM to  
28 obtain compliance with this Order (which may include penalties and interest) will

1 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §  
2 3356.)

3 **VI. Other Potential Actions to Enforce This Order**

4 Failure to comply with Section IV (Operator's Required Actions) of this Order could  
5 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for  
6 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the  
7 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and  
8 3236.3 authorize the Supervisor to seek civil penalties and injunctive relief for failure to comply  
9 with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or any  
10 regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to  
11 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the  
12 PRC or any regulation that implements those statutes, and the Supervisor may in the future  
13 impose further civil penalties based on the facts and omissions underlying this order. PRC  
14 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or  
15 the decommissioning of a production facility if an operator has failed to comply with an order  
16 of the Supervisor within the time provided by the order or has failed to challenge the order on  
17 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an  
18 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct  
19 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take  
20 further enforcement actions.

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23 DATED: 6/10/2026

Doug Ito  
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25 State Oil and Gas Supervisor  
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